



Reprinted
February 13, 2009

HOUSE BILL No. 1471

DIGEST OF HB 1471 (Updated February 12, 2009 1:41 pm - DI 51)

Citations Affected: IC 6-1.1.

Synopsis: Assessment rules. Prohibits the department of local government finance from changing the standards used to assess tangible property for property tax purposes except as necessary to bring a rule into conformity with a statute, or, the case of a rule governing trending, to bring the rule into conformity with a standard issued by the International Association of Assessment Officials. Changes the valuation date used in the last reassessment to March 1 of the year immediately preceding the reassessment date. Provides that land is assessed as agricultural land only when it is utilized for to agricultural purposes (as defined by the general assembly or recognized by the United States Department of Agriculture). Prohibits rules restricting the calculation of the circuit breaker for agricultural land. Repeals a law requiring the state board of tax commissioners (which no longer exists) to adopt rules.

Effective: Upon passage.

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January 14, 2009, read first time and referred to Committee on Ways and Means.
February 5, 2009, amended, reported — Do Pass.
February 12, 2009, read second time, amended, ordered engrossed.

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HB 1471—LS 7593/DI 51+



Reprinted
February 13, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1471

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-3-22 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) Except to
3 the extent that it conflicts with a statute and subject to subsection (f),
4 50 IAC 4.2 (as in effect January 1, 2001), which was formerly
5 incorporated by reference into this section, is reinstated as a rule.
6 (b) Tangible personal property within the scope of 50 IAC 4.2 (as
7 in effect January 1, 2001) shall be assessed on the assessment dates in
8 calendar years 2003 and thereafter in conformity with 50 IAC 4.2 (as
9 in effect January 1, 2001).
10 (c) The publisher of the Indiana Administrative Code shall publish
11 50 IAC 4.2 (as in effect January 1, 2001) in the Indiana Administrative
12 Code.
13 (d) 50 IAC 4.3 and any other rule to the extent that it conflicts with
14 this section is void.
15 (e) A reference in 50 IAC 4.2 to a governmental entity that has been
16 terminated or a statute that has been repealed or amended shall be
17 treated as a reference to its successor.

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(f) The department of local government finance may not amend or repeal the following (all as in effect January 1, 2001):

(1) 50 IAC 4.2-4-3(f).

(2) 50 IAC 4.2-4-7.

(3) 50 IAC 4.2-4-9.

~~(4) 50 IAC 4.2-5-7.~~

~~(5) 50 IAC 4.2-5-13.~~

~~(6)~~ (4) 50 IAC 4.2-6-1.

~~(7)~~ (5) 50 IAC 4.2-6-2.

~~(8)~~ (6) 50 IAC 4.2-8-9.

(g) 50 IAC 4.2-5-7 and 50 IAC 4.2-5-13 are void.

SECTION 2. IC 6-1.1-4-4, AS AMENDED BY P.L.146-2008, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and be the basis for taxes payable in 2003.

(b) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2009, and each fifth year thereafter. Each reassessment under this subsection:

(1) shall be completed on or before March 1 of the year that succeeds by two (2) years the year in which the general reassessment begins; and

(2) shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed.

The date as of which the true tax value of tangible property is to be estimated for the general reassessment that begins July 1, 2009, is March 1, 2011, and the valuation date for each general reassessment thereafter is March 1 of each fifth year thereafter.

(c) In order to ensure that assessing officials are prepared for a general reassessment of real property, the department of local government finance shall give adequate advance notice of the general reassessment to the assessing officials of each county.

(d) Except to the extent that it conflicts with a statute, 50 IAC 2.3 (as effective on January 1, 2007) is reinstated.

(e) Real property within the scope of 50 IAC 2.3 (as effective January 1, 2007) shall be assessed on the assessment dates in calendar years 2011 and thereafter in conformity with 50 IAC 2.3 (as in effect January 1, 2007) and the manual and guidelines incorporated by reference into 50 IAC 2.3 (as in effect January 1, 2007). However, the assessed value of real property within the scope of 50 IAC 2.3 (as in effect January 1, 2007) shall be adjusted to account for changes in the value in those years since a general

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reassessment of property last took effect. Tables, formulas, and other values in the rule, manual, and guidelines must be revised to reflect the appropriate valuation date.

(f) The publisher of the Indiana Administrative Code shall publish 50 IAC 2.3 (as in effect January 1, 2007) in the Indiana Administrative Code.

(g) 50 IAC 2.4 and any other rule to the extent that it conflicts with this section is void.

(h) A reference in 50 IAC 2.3 to a governmental entity that has been terminated or a statute that has been repealed or amended shall be treated as a reference to its successor.

(i) The department of local government finance may not amend or repeal 50 IAC 2.3 (as in effect January 1, 2007) except as required to bring the rule into conformity with the following:

(1) P.L.192-2002(ss), SECTION 193.

(2) A statute enacted in the 2009 session of the general assembly.

(3) Any other statute.

SECTION 3. IC 6-1.1-4-4.5, AS AMENDED BY P.L.228-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting The assessed value of real property **within the scope of 50 IAC 21 (as effective January 1, 2009) shall be adjusted annually** to account for changes in value in those years since a general reassessment of property last took effect

(b) Subject to subsection (c), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not a year in which a reassessment becomes effective.

(c) The rules adopted under subsection (a) must include the following characteristics in the system:

(1) Promote uniform and equal assessment of real property within and across classifications:

(2) Require that assessing officials:

(A) reevaluate the factors that affect value;

(B) express the interactions of those factors mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of annual adjustments:

(3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing

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officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) in conformity with 50 IAC 21 (as effective January 1, 2009). Any other rule to the extent that it conflicts with this section is void. The department of local government finance may not amend or repeal 50 IAC 21 (as effective January 1, 2009) except to bring the rule into conformity with a standard that is adopted or revised by the International Association of Assessing Officials and that does not conflict with a statute enacted by the general assembly (including the Standard on Ratio Studies) or as required to bring the rule into conformity with the following:

(1) A statute enacted in the 2009 session of the general assembly.

(2) Any other statute.

(b) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (a), the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology to use a six (6) year rolling average instead of a four (4) year rolling average.

(c) For assessment dates after January 15, 2009, an adjustment in the assessed value of real property under this section must be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 4. IC 6-1.1-4-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) In assessing or reassessing land, the land shall be assessed as agricultural land only when it is devoted to used for agricultural use: purposes (as defined by the general assembly or recognized by the United States Department of Agriculture).

(b) The department of local government finance shall give written notice to each county assessor of:

(1) the availability of the United States Department of Agriculture's soil survey data; and

(2) the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map.

All assessing officials and the property tax assessment board of appeals

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shall use the data in determining the true tax value of agricultural land.

(c) The department of local government finance shall by rule provide for the method for determining the true tax value of each parcel of agricultural land.

(d) This section does not apply to land purchased for industrial, commercial, or residential uses.

SECTION 5. IC 6-1.1-4-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. **Subject to this article**, the department of local government finance may adopt or promulgate regulations, appraisal manuals, rules, bulletins, directives, and forms for the assessment and reassessment of real property.

SECTION 6. IC 6-1.1-4-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. **Except as provided by this article** in making any assessment or reassessment of real property in the interim between general reassessments, the rules, regulations, and standards for assessment are the same as those used in the preceding general reassessment.

SECTION 7. IC 6-1.1-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. ~~The department of local government finance may adopt rules in order to provide a method for assessing mobile homes. These rules must be consistent with this article, including the factors required under IC 6-1.1-31-7: (a)~~ **Except to the extent that it conflicts with a statute, 50 IAC 3.2 (as effective January 1, 2007) is reinstated.**

(b) **Mobile homes within the scope of 50 IAC 3.2 (as effective January 1, 2007) shall be assessed on the assessment dates in calendar years 2010 and thereafter in conformity with 50 IAC 3.2 (as in effect January 1, 2007).**

(c) **The publisher of the Indiana Administrative Code shall publish 50 IAC 3.2 (as in effect January 1, 2007) in the Indiana Administrative Code.**

(d) **50 IAC 3.3 and any other rule to the extent that it conflicts with this section is void.**

(e) **A reference in 50 IAC 3.2 to a governmental entity that has been terminated or a statute that has been repealed or amended shall be treated as a reference to its successor.**

(f) **The department of local government finance may not amend or repeal 50 IAC 3.2 (as in effect January 1, 2007) except as required to bring the rule into conformity with the following:**

- (1) **A statute enacted in the 2009 session of the general assembly.**
- (2) **Any other statute.**

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SECTION 8. IC 6-1.1-20.6-0.5, AS ADDED BY P.L.146-2008, SECTION 213, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.5. As used in this chapter, "agricultural land" refers to land assessed as agricultural land. ~~under the real property assessment rules and guidelines of~~ The department of local government finance **may not adopt rules or provide instructions to assessing officials that restrict the calculation of a property tax credit provided under this chapter for land used for agricultural purposes (as defined by the general assembly or recognized by the United States Department of Agriculture).**

SECTION 9. IC 6-1.1-31-1, AS AMENDED BY P.L.146-2008, SECTION 269, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The department of local government finance shall do the following:

(1) Prescribe the property tax forms and returns which taxpayers are to complete and on which the taxpayers' assessments will be based.

(2) Prescribe the forms to be used to give taxpayers notice of assessment actions.

~~(3) Adopt rules concerning the assessment of tangible property.~~

~~(4)~~ **(3)** Develop specifications that prescribe state requirements for computer software and hardware to be used by counties for assessment purposes. The specifications developed under this subdivision apply only to computer software and hardware systems purchased for assessment purposes after July 1, 1993. The specifications, including specifications in a rule or other standard adopted under IC 6-1.1-31.5, must provide for:

(A) maintenance of data in a form that formats the information in the file with the standard data, field, and record coding jointly required and approved by the department of local government finance and the legislative services agency;

(B) data export and transmission that is compatible with the data export and transmission requirements in a standard format prescribed by the office of technology established by IC 4-13.1-2-1 and jointly approved by the department of local government finance and legislative services agency; and

(C) maintenance of data in a manner that ensures prompt and accurate transfer of data to the department of local government finance and the legislative services agency, as jointly approved by the department of local government **finance** and legislative services agency.

~~(5)~~ **(4)** Adopt rules establishing criteria for the revocation of a

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certification under IC 6-1.1-35.5-6.

(b) **Subject to this article**, the department of local government finance may adopt rules that are related to property taxation or the duties or the procedures of the department.

(c) Rules of the state board of tax commissioners are for all purposes rules of the department of local government finance and the Indiana board until the department and the Indiana board adopt rules to repeal or supersede the rules of the state board of tax commissioners.

SECTION 10. IC 6-1.1-31-5, AS AMENDED BY P.L.146-2008, SECTION 271, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) **Subject to This article, the rules adopted by the department of local government finance are including IC 6-1.1-3-22, IC 6-1.1-4-4, IC 6-1.1-4-4.5, IC 6-1.1-7-2, and IC 6-1.1-8-44, is the basis for determining the true tax value of tangible property.**

(b) Assessing officials shall:

- (1) comply with the rules, appraisal manuals, bulletins, and directives adopted by the department of local government finance;
- (2) use the property tax forms, property tax returns, and notice forms prescribed by the department; and
- (3) collect and record the data required by the department.

(c) In assessing tangible property, the assessing officials may **not** consider factors in addition to those prescribed by the department of local government finance if the use of the additional factors is first approved by the department. Each assessing official shall indicate on the official's records for each individual assessment whether:

- (1) only the factors contained in the department's rules, forms, and returns have been considered; or
- (2) factors in addition to those contained in the department's rules, forms, and returns have been considered.

SECTION 11. IC 6-1.1-31-6, AS AMENDED BY P.L.154-2006, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **With respect to the assessment of real property, the rules of the department of local government finance shall provide for:**

- (i) **the classification of land on the basis of:**
 - (i) acreage;
 - (ii) lots;
 - (iii) size;
 - (iv) location;
 - (v) use;
 - (vi) productivity or earning capacity;

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- (vii) applicable zoning provisions;
- (viii) accessibility to highways, sewers, and other public services or facilities; and
- (ix) any other factor that the department determines by rule is just and proper; and
- (2) the classification of improvements on the basis of:
 - (i) size;
 - (ii) location;
 - (iii) use;
 - (iv) type and character of construction;
 - (v) age;
 - (vi) condition;
 - (vii) cost of reproduction; and
 - (viii) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the value of real property;
- (4) the productivity or earning capacity of:
 - (A) agricultural land; and
 - (B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;
- (5) sales data for generally comparable properties; and
- (6) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) With respect to the assessment of real property, true tax value does not mean fair market value. Subject to this article, true tax value is the value determined under the rules of the department of local government finance.

SECTION 12. IC 6-1.1-31-7, AS AMENDED BY P.L.214-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) With respect to the assessment of personal property, the rules of the department of local government finance shall provide for the classification of personal property on the basis of:

- (1) date of purchase;

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- (2) location;
- (3) use;
- (4) depreciation, obsolescence, and condition; and
- (5) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of personal property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of personal property;
- (2) the effect that location has on the value of personal property;
- (3) the cost of reproducing personal property;
- (4) the depreciation, including physical deterioration and obsolescence, of personal property;
- (5) the productivity or earning capacity of mobile homes regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(6) (a) The true tax value of mobile homes assessed under IC 6-1.1-7 (other than mobile homes subject to the preferred valuation method under IC 6-1.1-4-39(b)) as is the least of the values determined using the following:

- (A) (1) The National Automobile Dealers Association Guide.
- (B) (2) The purchase price of a mobile home if:
 - (i) (A) the sale is of a commercial enterprise nature; and
 - (ii) (B) the buyer and seller are not related by blood or marriage.
- (C) (3) Sales data for generally comparable mobile homes.
- (7) the true tax value at the time of acquisition of computer application software, for the purpose of deducting the value of computer application software from the acquisition cost of tangible personal property whenever the value of the tangible personal property that is recorded on the taxpayer's books and records reflects the value of the computer application software; and
- (8) the true tax value of personal property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) In providing for the classification of personal property and the instructions for determining the items listed in subsection (b), the department of local government finance shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(d) (b) With respect to the assessment of personal property, true tax

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1 value does not mean fair market value. ~~Subject to this article, true tax~~
 2 ~~value is the value determined under rules of the department of local~~
 3 ~~government finance.~~

4 SECTION 13. IC 6-1.1-31-9 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as
 6 provided in subsection (b) **or as necessary to implement a statutory**
 7 **change affecting the appraisal of real property in a general**
 8 **reassessment**, the department of local government finance may not
 9 adopt rules for the appraisal of real property in a general reassessment
 10 after July 1 of the year before the year in which the general
 11 reassessment is scheduled to begin.

12 (b) If rules for the appraisal of real property in a general
 13 reassessment are timely adopted under subsection (a) and are then
 14 disapproved by the attorney general for any reason under IC 4-22-2-32,
 15 the department of local government finance may modify the rules to
 16 cure the defect that resulted in disapproval by the attorney general, and
 17 may then take all actions necessary under IC 4-22-2 to readopt and to
 18 obtain approval of the rules. This process may be repeated as necessary
 19 until the rules are approved.

20 SECTION 14. IC 6-1.1-31-12 IS REPEALED [EFFECTIVE UPON
 21 PASSAGE].

22 SECTION 15. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1471, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 17, delete "A" and insert **"Except as provided in subsection (j), a"**.

Page 2, line 27, delete "January 1, 2010," and insert **"March 1, 2011,"**.

Page 2, line 28, delete "January" and insert **"March"**.

Page 3, between lines 18 and 19, begin a new paragraph and insert:

"(j) For assessment dates after 2008, subject to subsection (k), the county assessor and the county executive may jointly:

(1) determine to conduct cyclical reassessments under this subsection instead of general reassessments under subsection (b); and

(2) designate successive periods:

(A) of equal length;

(B) each of not more than four (4) years; and

(C) to continue until the county assessor and the county executive jointly determine:

(i) to designate periods of different duration under this subdivision; or

(ii) to apply general reassessments of real property in the county under subsection (b);

in which an equal percentage of all parcels of real property in the county is assessed each year under the cyclical reassessment program so that a new assessment is determined for each parcel in the county in each designated period.

(k) The following apply to cyclical reassessments under subsection (j):

(1) The cyclical reassessments involve a physical inspection of the real property in the manner that physical inspections apply to a general reassessment under subsection (b).

(2) The cyclical reassessment for an assessment date is determined using the rules of the department of local government finance for the appraisal of real property in a general reassessment that apply for that assessment date, subject to the adjustments under subsection (e).

(3) The county assessor shall determine which parcels are subject to reassessment in each year under the framework of subsection (j)(2)."

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Page 4, between lines 19 and 20, begin a new paragraph and insert:

"(c) For assessment dates after January 15, 2009, an adjustment in the assessed value of real property under this section must be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 4. IC 6-1.1-4-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) In assessing or reassessing land, the land shall be assessed as agricultural land only when it is ~~devoted to used for agricultural use~~ **purposes (as defined by the general assembly or recognized by the United States Department of Agriculture).**

(b) The department of local government finance shall give written notice to each county assessor of:

- (1) the availability of the United States Department of Agriculture's soil survey data; and
- (2) the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map.

All assessing officials and the property tax assessment board of appeals shall use the data in determining the true tax value of agricultural land.

(c) The department of local government finance shall by rule provide for the method for determining the true tax value of each parcel of agricultural land.

(d) This section does not apply to land purchased for industrial, commercial, or residential uses.

SECTION 5. IC 6-1.1-4-13.6, AS AMENDED BY P.L.146-2008, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 13.6. (a) The township assessor, or the county assessor if there is no township assessor for the township, shall determine the values of all classes of commercial, industrial, and residential land (including farm homesites) in the township or county using guidelines determined by the department of local government finance. Not later than November 1 of the year preceding the year in which:

- (1) a general reassessment becomes effective; or
- (2) **a general reassessment would have become effective if the county had not determined to conduct cyclical reassessments under section 4(j) of this chapter;**

the assessor determining the values of land shall submit the values to the county property tax assessment board of appeals.

(b) **Not before April 1 and not** later than December 1 of the year

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~~preceding the year in which a general reassessment becomes effective, in which land values are submitted to the county property tax assessment board of appeals under subsection (a), the county property tax assessment board of appeals shall hold a public hearing in the county concerning those values. The property tax assessment board of appeals shall give notice of the hearing in accordance with IC 5-3-1. and shall hold the hearing after March 31 and before December 1 of the year preceding the year in which the general reassessment under section 4 of this chapter becomes effective.~~

~~(b)~~ (c) The county property tax assessment board of appeals shall review the values submitted under subsection (a) and may make any modifications it considers necessary to provide uniformity and equality. The county property tax assessment board of appeals shall coordinate the valuation of property adjacent to the boundaries of the county with the county property tax assessment boards of appeals of the adjacent counties using the procedures adopted by rule under IC 4-22-2 by the department of local government finance. If the county assessor fails to submit land values under subsection (a) to the county property tax assessment board of appeals before ~~November 1 of the year before the date the general reassessment under section 4 of this chapter becomes effective;~~ **the deadline under subsection (a),** the county property tax assessment board of appeals shall determine the values. If the county property tax assessment board of appeals fails to determine the values before:

- (1) the general reassessment becomes effective; or
- (2) a general reassessment would have become effective if the county had not determined to conduct cyclical reassessments under section 4(j) of this chapter;**

the department of local government finance shall determine the values.

~~(c)~~ (d) The county assessor shall notify all township assessors in the county (if any) of the values as modified by the county property tax assessment board of appeals. Assessing officials shall use the values determined under this section."

Page 4, between lines 24 and 25, begin a new paragraph and insert:

"SECTION 7. IC 6-1.1-4-27.5, AS AMENDED BY P.L.146-2008, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county levies for the county's property reassessment fund.

(b) With respect to the general reassessment of real property that is to commence on July 1, 2009, the county council of each county shall,

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for property taxes due in 2006, 2007, 2008, and 2009, levy in each year against all the taxable property in the county an amount equal to one-fourth (1/4) of the remainder of:

- (1) the estimated costs referred to in section 28.5(a) of this chapter; minus
- (2) the amount levied under this section by the county council for property taxes due in 2004 and 2005.

(c) With respect to a general reassessment of real property that is to commence on July 1, 2014, and each fifth year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment:

- (1) is to commence in a county in which general reassessments apply under section 4(b) of this chapter; or**
- (2) would commence if the county had not determined to conduct cyclical reassessments under section 4(j) of this chapter;**

and the four (4) years preceding that year, levy against all the taxable property in the county an amount equal to one-fifth (1/5) of the estimated costs **under section 28.5 of this chapter** of the general reassessment ~~under section 28.5 of this chapter. or of cyclical reassessments.~~

(d) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year.

(e) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of:

- (1) a general reassessment ~~or under section 4(b) of this chapter;~~
- (2) making annual adjustments under section 4.5 of this chapter;
- or**
- (3) doing cyclical reassessments under section 4(j) of this chapter;**

has changed.

(f) The county assessor may petition the county fiscal body to increase the levy under subsection (b) or (c) to pay for the costs of:

- (1) a general reassessment;
- (2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to the county assessor under IC 6-1.1-5.5-3; ~~or~~
- (3) processing annual adjustments under section 4.5 of this chapter; **or**
- (4) doing cyclical reassessments under section 4(j) of this chapter.**

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The assessor must document the needs and reasons for the increased funding.

(g) If the county fiscal body denies a petition under subsection (f), the county assessor may appeal to the department of local government finance. The department of local government finance shall:

- (1) hear the appeal; and
- (2) determine whether the additional levy is necessary.

SECTION 8. IC 6-1.1-4-28.5, AS AMENDED BY P.L.146-2008, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 28.5. (a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

- (1) the general reassessment of real property **under section 4(b) of this chapter or the cyclical reassessment of real property under section 4(j) of this chapter**, including the computerization of assessment records;
- (2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;
- (3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
- (4) the updating of plat books;
- (5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;
- (6) making annual adjustments under section 4.5 of this chapter; and
- (7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:
 - (A) the county assessor; or
 - (B) township assessors (if any);
 under IC 6-1.1-5.5-3.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section.

(b) All counties shall use modern, detailed soil maps in the general reassessment of agricultural land.

(c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund. Any interest received from investment of the money shall be paid into the property reassessment fund.

(d) An appropriation under this section must be approved by the

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fiscal body of the county after the review and recommendation of the county assessor. However, in a county with a township assessor in every township, the county assessor does not review an appropriation under this section, and only the fiscal body must approve an appropriation under this section.

SECTION 9. IC 6-1.1-4-29, AS AMENDED BY P.L.146-2008, SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 29. (a) The expenses of a **general reassessment under section 4(b) of this chapter or of a cyclical reassessment of real property under section 4(j) of this chapter**, except those incurred by the department of local government finance in performing its normal functions, shall be paid by the county in which the reassessed property is situated. ~~These expenses, except for the expenses of a general reassessment, shall be paid from county funds.~~ The county auditor shall issue warrants for the payment of **general reassessment or cyclical reassessment** expenses. No prior appropriations are required in order for the auditor to issue warrants.

(b) An order of the department of local government finance directing the reassessment of property shall contain an estimate of the cost of making the reassessment. The assessing officials in the county, the county property tax assessment board of appeals, and the county auditor may not exceed the amount so estimated by the department of local government finance."

Page 5, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-8.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 6. Before

(1) January 1, 2004; and

(2) January 1 of each year, that a **general reassessment commences under IC 6-1.1-4-4;**

the county assessor of each qualifying county shall provide the department of local government finance a list of each industrial facility located in the qualifying county **that is subject to assessment in that year under:**

(1) a **general reassessment of real property under IC 6-1.1-4-4(b); or**

(2) a **cyclical reassessment of real property under IC 6-1.1-4-4(j).**

SECTION 13. IC 6-1.1-8.7-3, AS AMENDED BY P.L.219-2007, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 3. (a) Before January 1, 2003, two hundred fifty (250) or more owners of real property in a

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township may petition the department to assess the real property of an industrial facility in the township for the 2004 assessment date.

(b) Before January 1 of each year ~~that a general reassessment commences under IC 6-1.1-4-4~~, **after 2009**, two hundred fifty (250) or more owners of real property in a township may petition the department to assess the real property of an industrial facility in the township for that general reassessment.

(c) An industrial company may at any time petition the department to assess the real property of an industrial facility owned or used by the company.

(d) Before January 1 of any year, the county assessor of the county in which an industrial facility is located may petition the department to assess the real property of the industrial facility for the assessment date in that year.

SECTION 14. IC 6-1.1-12.1-4, AS AMENDED BY P.L.219-2007, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 4. (a) Except as provided in section 2(i)(4) of this chapter, and subject to section 15 of this chapter, the amount of the deduction which the property owner is entitled to receive under section 3 of this chapter for a particular year equals the product of:

- (1) the increase in the assessed value resulting from the rehabilitation or redevelopment; multiplied by
- (2) the percentage prescribed in the table set forth in subsection (d).

(b) The amount of the deduction determined under subsection (a) shall be adjusted in accordance with this subsection in the following circumstances:

- (1) If a general reassessment **or cyclical reassessment** of real property occurs within the particular period of the deduction, the amount determined under subsection (a)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment **or cyclical reassessment**.
- (2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.

The department of local government finance shall adopt rules under IC 4-22-2 to implement this subsection.

(c) Property owners who had an area designated an urban development area pursuant to an application filed prior to January 1,

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1979, are only entitled to the deduction for the first through the fifth years as provided in subsection (d)(10). In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for the first through the tenth years, as provided in subsection (d)(10).

(d) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	17%

(7) For deductions allowed over a seven (7) year period:

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YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%
3rd	80%
4th	65%
5th	50%
6th	40%
7th	30%
8th	20%
9th	10%
10th	5%

SECTION 15. IC 6-1.1-12.1-4.8, AS AMENDED BY P.L.219-2007,

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SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 4.8. (a) A property owner that is an applicant for a deduction under this section must provide a statement of benefits to the designating body.

(b) If the designating body requires information from the property owner for the designating body's use in deciding whether to designate an economic revitalization area, the property owner must provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter. Otherwise, the property owner must submit the completed statement of benefits form to the designating body before the occupation of the eligible vacant building for which the property owner desires to claim a deduction.

(c) The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

- (1) A description of the eligible vacant building that the property owner or a tenant of the property owner will occupy.
- (2) An estimate of the number of individuals who will be employed or whose employment will be retained by the property owner or the tenant as a result of the occupation of the eligible vacant building, and an estimate of the annual salaries of those individuals.
- (3) Information regarding efforts by the owner or a previous owner to sell, lease, or rent the eligible vacant building during the period the eligible vacant building was unoccupied.
- (4) Information regarding the amount for which the eligible vacant building was offered for sale, lease, or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied.

(d) With the approval of the designating body, the statement of benefits may be incorporated in a designation application. A statement of benefits is a public record that may be inspected and copied under IC 5-14-3.

(e) The designating body must review the statement of benefits required by subsection (a). The designating body shall determine whether an area should be designated an economic revitalization area or whether a deduction should be allowed, after the designating body has made the following findings:

- (1) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building.

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(2) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(3) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(4) Whether the occupation of the eligible vacant building will increase the tax base and assist in the rehabilitation of the economic revitalization area.

(5) Whether the totality of benefits is sufficient to justify the deduction.

A designating body may not designate an area an economic revitalization area or approve a deduction under this section unless the findings required by this subsection are made in the affirmative.

(f) Except as otherwise provided in this section, the owner of an eligible vacant building located in an economic revitalization area is entitled to a deduction from the assessed value of the building if the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes. The property owner is entitled to the deduction:

(1) for the first year in which the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes; and

(2) for subsequent years determined under subsection (g).

(g) The designating body shall determine the number of years for which a property owner is entitled to a deduction under this section. However, subject to section 15 of this chapter, the deduction may not be allowed for more than two (2) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by a resolution adopted not more than sixty (60) days after the designating body receives a copy of the property owner's deduction application from the county auditor.

A certified copy of a resolution under subdivision (2) shall be sent to the county auditor, who shall make the deduction as provided in section 5.3 of this chapter. A determination concerning the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by using the procedure under subdivision (2).

(h) Except as provided in section 2(i)(5) of this chapter and subsection (k), and subject to section 15 of this chapter, the amount of

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the deduction the property owner is entitled to receive under this section for a particular year equals the product of:

- (1) the assessed value of the building or part of the building that is occupied by the property owner or a tenant of the property owner; multiplied by
- (2) the percentage set forth in the table in subsection (i).

(i) The percentage to be used in calculating the deduction under subsection (h) is as follows:

- (1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
- (2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(j) The amount of the deduction determined under subsection (h) shall be adjusted in accordance with this subsection in the following circumstances:

- (1) If a general reassessment **or cyclical reassessment** of real property occurs within the period of the deduction, the amount of the assessed value determined under subsection (h)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment **or cyclical reassessment**.
- (2) If an appeal of an assessment is approved and results in a reduction of the assessed value of the property, the amount of a deduction under this section shall be adjusted to reflect the percentage decrease that resulted from the appeal.

(k) The maximum amount of a deduction under this section may not exceed the lesser of:

- (1) the annual amount for which the eligible vacant building was offered for lease or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied; or
- (2) an amount, as determined by the designating body in its discretion, that is equal to the annual amount for which similar buildings in the county or contiguous counties were leased or rented or offered for lease or rent during the period the eligible vacant building was unoccupied.

(l) The department of local government finance may adopt rules under IC 4-22-2 to implement this section.

SECTION 16. IC 6-1.1-12.4-2, AS AMENDED BY P.L.146-2008, SECTION 130, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 2. (a) For purposes of this section, an increase in the assessed value of real property is determined in the same manner that an increase in the assessed value of real property is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to a development, redevelopment, or rehabilitation that is first assessed after March 1, 2005, and before March 2, 2007. Except as provided in subsection (h) and sections 4, 5, and 8 of this chapter, an owner of real property that:

- (1) develops, redevelops, or rehabilitates the real property; and
- (2) creates or retains employment from the development, redevelopment, or rehabilitation;

is entitled to a deduction from the assessed value of the real property.

(c) Subject to section 14 of this chapter, the deduction under this section is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) the product of:
 - (A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by
 - (B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor, or the county assessor if there is no township assessor for the township, shall:

- (1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and
- (2) inform the county auditor of the deduction amount.

(e) The county auditor shall:

- (1) make the deductions; and
- (2) notify the county property tax assessment board of appeals of all deductions approved;

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under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:

- (1) a general reassessment of real property under ~~IC 6-1.1-4-4~~; or **IC 6-1.1-4-4(b);**
- (2) an annual adjustment under IC 6-1.1-4-4.5; or
- (3) a cyclical reassessment of real property under IC 6-1.1-4-4(j).**

(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 17. IC 6-1.1-13-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county after March 1 in ~~the each year. in which the general reassessment becomes effective.~~ The county assessor shall make any changes, whether increases or decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

SECTION 18. IC 6-1.1-20.6-0.5, AS ADDED BY P.L.146-2008, SECTION 213, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.5. As used in this chapter, "agricultural land" refers to land assessed as agricultural land. ~~under the real property assessment rules and guidelines of~~ The department of local government finance **may not adopt rules or provide instructions to assessing officials that restrict the calculation of a property tax credit provided under this chapter for land used for agricultural purposes (as defined by the general assembly or recognized by the United States Department of Agriculture)."**

Page 9, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 24. IC 36-2-7-13, AS AMENDED BY P.L.146-2008, SECTION 691, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 13. The county fiscal body may grant to the county assessor, in addition to the

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compensation fixed under IC 36-2-5, a per diem for each day that the assessor is engaged in general reassessment activities **under IC 6-1.1-4-4(b) or cyclical reassessment activities under IC 6-1.1-4-4(j)**. This section applies regardless of whether professional assessing services are provided under a contract to one (1) or more townships in the county."

Page 9, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 25. [EFFECTIVE JULY 1, 2009] **(a) The legislative services agency shall prepare legislation for introduction in the 2010 regular session of the general assembly to organize and correct statutes affected by this act, if necessary.**

(b) This SECTION expires December 31, 2010."

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1471 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 14, nays 9.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1471 be amended to read as follows:

Page 2, line 17, delete "Except as provided in subsection (j), a" and insert "A".

Page 3, delete lines 20 through 42.

Page 4, delete lines 1 through 8.

Page 4, line 39, after "except" insert **"to bring the rule into conformity with a standard that is adopted or revised by the International Association of Assessing Officials and that does not conflict with a statute enacted by the general assembly (including the Standard on Ratio Studies) or"**.

Page 5, delete lines 35 through 42.

Page 6, delete lines 1 through 41.

Page 7, delete lines 5 through 42.

Delete page 8.

Page 9, delete lines 1 through 35.

Page 10, delete lines 25 through 42.

Delete pages 11 through 17.

Page 18, delete lines 1 through 27.

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Page 22, delete lines 2 through 10, begin a new paragraph and insert:

~~"(6)~~ **(a)** The true tax value of mobile homes assessed under IC 6-1.1-7 (other than mobile homes subject to the preferred valuation method under IC 6-1.1-4-39(b)) ~~as is~~ is the least of the values determined using the following:

~~(A)~~ **(1)** The National Automobile Dealers Association Guide.

~~(B)~~ **(2)** The purchase price of a mobile home if:

~~(i)~~ **(A)** the sale is of a commercial enterprise nature; and

~~(ii)~~ **(B)** the buyer and seller are not related by blood or marriage.

~~(C)~~ **(3)** Sales data for generally comparable mobile homes.".

Page 22, line 26, after "(d)" insert "**(b)**".

Page 23, delete lines 4 through 13.

Page 23, delete lines 16 through 20.

Renumber all SECTIONS consecutively.

(Reference is to HB 1471 as printed February 6, 2009.)

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